

**KEPPEL REIT  
FULL YEAR 2015 FINANCIAL STATEMENTS ANNOUNCEMENT****UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015****TABLE OF CONTENTS**

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## INTRODUCTION

Keppel REIT was listed by way of an introduction on 28 April 2006. Over the last decade, Keppel REIT has grown from strength-to-strength to become one of Asia's leading REITs with the youngest and largest portfolio of premium Grade A commercial assets in Singapore's prime business and financial districts.

Keppel REIT's objective is to generate stable income and long-term growth for Unitholders by owning and investing in a portfolio of quality income-producing commercial real estate and real estate-related assets pan-Asia.

As at 31 December 2015, Keppel REIT had an asset size of approximately \$8.4 billion comprising interests in nine premium office assets with 12 office towers strategically located in the central business districts of Singapore, as well as key cities of Sydney, Melbourne, Brisbane and Perth in Australia.

The assets in Singapore are Bugis Junction Towers (100% interest), Marina Bay Financial Centre (comprising office Towers 1, 2 and 3 and the subterranean mall, Marina Bay Link Mall) (one-third interest), One Raffles Quay (one-third interest) and Ocean Financial Centre (99.9% interest).

The assets in Australia are 8 Chifley Square (50% interest) in Sydney, 8 Exhibition Street in Melbourne (50% interest in the office building and two retail units, as well as a 100% interest in another three retail units), 275 George Street in Brisbane (50% interest), as well as the office tower and its annexe on the Old Treasury Building site in Perth (50% interest). On 17 January 2016, the Manager announced the divestment of its 100% interest in 77 King Street in Sydney. The transaction is expected to be completed in 1Q 2016.

Keppel REIT is sponsored by Keppel Land Limited ("Keppel Land"), one of Asia's leading property companies, and is managed by Keppel REIT Management Limited, a wholly-owned subsidiary of Keppel Land.

## SUMMARY OF KEPPEL REIT RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

	GROUP			
	4Q2015 \$'000	4Q2014 \$'000	FY2015 \$'000	FY2014 \$'000
Property income	42,795	42,337	170,347	184,093
Net property income	34,771	34,253	137,465	151,436
Share of results of associates	16,862	16,115	75,695	60,745
Share of results of joint ventures	5,157	4,128	17,163	9,848
Income available for distribution	54,031	45,848	217,268	206,142
Distribution to Unitholders <sup>1</sup>	54,031	45,848	217,268	206,142
Distribution per Unit ("DPU") (cents) for the period/year	1.68	1.51	6.80 <sup>2</sup>	7.23
Distribution Yield %			7.3% <sup>3</sup>	5.9% <sup>4</sup>

### Notes:

- (1) Distribution to Unitholders was based on 100% of the taxable income available for distribution.
- (2) Total DPU for FY2015 was 6.80 cents, based on 1.70 cents, 1.72 cents, 1.70 cents and 1.68 cents reported in 1Q2015, 2Q2015, 3Q2015 and 4Q2015 respectively.
- (3) The yield was based on the market closing price per unit of \$0.93 as at the last trading day, 31 December 2015.
- (4) The yield was based on the market closing price per unit of \$1.22 as at the last trading day, 31 December 2014.

## 1. UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Directors of Keppel REIT Management Limited, as manager of Keppel REIT, announce the following unaudited results of Keppel REIT for the year ended 31 December 2015:

### 1(a)(i) Statement of total return and distribution statement, together with a comparative statement for the corresponding period of the immediately preceding financial year

#### Statement of Total Return

	Note	Group					
		4Q2015	4Q2014	+/(-) %	FY2015	FY2014	+/(-) %
		\$'000	\$'000		\$'000	\$'000	
Gross rent		40,945	40,566	0.9	162,978	177,667	(8.3)
Car park income		867	844	2.7	3,351	3,269	2.5
Other income		983	927	6.0	4,018	3,157	27.3
<b>Property income</b>		<b>42,795</b>	<b>42,337</b>	<b>1.1</b>	<b>170,347</b>	<b>184,093</b>	<b>(7.5)</b>
Property tax		(2,296)	(2,512)	(8.6)	(11,552)	(9,779)	18.1
Other property expenses	1	(4,461)	(4,333)	3.0	(17,068)	(16,954)	0.7
Property management fee		(1,113)	(1,021)	9.0	(4,283)	(4,499)	(4.8)
Maintenance and sinking fund contributions		(154)	(218)	(29.4)	21	(1,425)	NM
<b>Property expenses</b>		<b>(8,024)</b>	<b>(8,084)</b>	<b>(0.7)</b>	<b>(32,882)</b>	<b>(32,657)</b>	<b>0.7</b>
<b>Net property income</b>		<b>34,771</b>	<b>34,253</b>	<b>1.5</b>	<b>137,465</b>	<b>151,436</b>	<b>(9.2)</b>
Rental support	2	4,633	12,061	(61.6)	20,480	50,011	(59.0)
Interest income	3	9,169	9,009	1.8	36,940	37,432	(1.3)
Share of results of associates	4	16,862	16,115	4.6	75,695	60,745	24.6
Share of results of joint ventures	5	5,157	4,128	24.9	17,163	9,848	74.3
Amortisation expenses	6	(4,312)	(9,241)	(53.3)	(18,763)	(37,364)	(49.8)
Borrowing costs	7	(17,159)	(15,094)	13.7	(67,313)	(60,124)	12.0
Manager's management fees	8	(12,774)	(11,182)	14.2	(49,984)	(45,492)	9.9
Trust expenses		(640)	(2,159)	(70.4)	(6,786)	(7,451)	(8.9)
Changes in fair value of an interest rate swap	9	997	1,030	(3.2)	3,879	(3,879)	NM
<b>Net income before divestment gain and net change in fair value of investment properties</b>		<b>36,704</b>	<b>38,920</b>	<b>(5.7)</b>	<b>148,776</b>	<b>155,162</b>	<b>(4.1)</b>
Gain on divestment of investment property		-	-	-	-	16,179	(100.0)
Net change in fair value of investment properties	10	197,178	119,914	64.4	218,038	212,191	2.8
<b>Total return before tax</b>		<b>233,882</b>	<b>158,834</b>	<b>47.2</b>	<b>366,814</b>	<b>383,532</b>	<b>(4.4)</b>
Income tax expense	11	(19,789)	(2,661)	>500	(27,966)	(11,630)	140.5
<b>Total return after tax</b>		<b>214,093</b>	<b>156,173</b>	<b>37.1</b>	<b>338,848</b>	<b>371,902</b>	<b>(8.9)</b>
<b>Attributable to:</b>							
Unitholders		212,794	156,126	36.3	337,495	371,753	(9.2)
Perpetual securities holders	12	1,228	-	100.0	1,228	-	100.0
Non-controlling interest		71	47	51.1	125	149	(16.1)
		<b>214,093</b>	<b>156,173</b>	<b>37.1</b>	<b>338,848</b>	<b>371,902</b>	<b>(8.9)</b>

#### Distribution Statement

<b>Total return for the period/year attributable to Unitholders</b>		<b>212,794</b>	<b>156,126</b>	<b>36.3</b>	<b>337,495</b>	<b>371,753</b>	<b>(9.2)</b>
Net tax and other adjustments	13	(158,763)	(110,278)	44.0	(120,227)	(165,611)	(27.4)
<b>Income available for distribution</b>		<b>54,031</b>	<b>45,848</b>	<b>17.8</b>	<b>217,268</b>	<b>206,142</b>	<b>5.4</b>
<b>Distribution to Unitholders</b>	14	<b>54,031</b>	<b>45,848</b>	<b>17.8</b>	<b>217,268</b>	<b>206,142</b>	<b>5.4</b>
<b>Distribution per Unit (cents) for the period/year</b>		<b>1.68</b>	<b>1.51</b>	<b>11.3</b>	<b>6.80</b>	<b>7.23</b>	<b>(5.9)</b>

NM – Not meaningful

**Notes:**

- (1) Included in other property expenses are the following:

	<u>Group</u>			
	4Q2015	4Q2014	FY2015	FY2014
	\$'000	\$'000	\$'000	\$'000
Marketing expenses	206	92	635	470
Utilities	893	864	3,375	3,335
Repair and maintenance	2,619	2,580	10,014	10,165
Property management reimbursements	450	552	1,799	1,787
Other property expenses	293	245	1,245	1,197
	<u>4,461</u>	<u>4,333</u>	<u>17,068</u>	<u>16,954</u>

- (2) For 4Q2015, this relates to the rental support top-up payments received by Keppel REIT for 77 King Street Office Tower, Sydney, the approximate 12.4% interest in Ocean Properties LLP ("OPLLP") which holds Ocean Financial Centre ("OFC") and the one-third interest in Central Boulevard Development Pte. Ltd. ("CBDPL") which holds Marina Bay Financial Centre ("MBFC") Tower 3. For FY2015, the rental support top-up payments received by Keppel REIT also included its approximate 87.5% interest in OPLLP. For 4Q2014, the rental support top-up payments received by Keppel REIT were for 77 King Street Office Tower, Sydney, and the approximate 99.9% interest in OPLLP which holds OFC. For FY2014, the rental support top-up payments received by Keppel REIT also included its additional 29% interest in Prudential Tower acquired on 2 November 2009 and the one-third interest in BFC Development LLP ("BFCDLLP") which holds MBFC Towers 1 and 2 and Marina Bay Link Mall. The rental support drawn down for OFC and MBFC Tower 3 for FY 2015 are \$5,577,000 and \$14,800,000 respectively.

- (3) Interest income comprises the following:

	<u>Group</u>			
	4Q2015	4Q2014	FY2015	FY2014
	\$'000	\$'000	\$'000	\$'000
Interest income from fixed deposits and current accounts	474	1,053	2,115	2,064
Interest income from shareholders' loans to One Raffles Quay Pte Ltd ("ORQPL") and BFCDLLP	7,130	5,443	26,114	21,449
Interest income from convertible notes in Mirvac (Old Treasury) Trust and Mirvac 8 Chifley Trust	1,565	2,513	8,711	13,919
	<u>9,169</u>	<u>9,009</u>	<u>36,940</u>	<u>37,432</u>

Interest income from convertible notes for the current periods relates to that of the Mirvac (Old Treasury) Trust ("MOTT") as the convertible notes in Mirvac 8 Chifley Trust ("M8CT") had been fully converted to units in June 2014. Keppel REIT ceased receiving coupon interest income from M8CT and started receiving distribution income subsequent to the conversion. The convertible notes in MOTT have also been fully converted to units on 30 November 2015 and Keppel REIT also ceased receiving coupon interest income from MOTT and started receiving distribution income subsequent to the conversion.

- (4) Share of results of associates relates to Keppel REIT's one-third interests in (i) ORQPL's and CBDPL's respective net profit after tax and before net change in fair value of investment properties, and (ii) BFCDLLP's partnership profit before net change in fair value of investment property.
- (5) Share of results of joint ventures relates to Keppel REIT's 50% interests in M8CT's and MOTT's respective net profit after tax and before net change in fair value of investment properties.
- (6) Please refer to paragraph 1(b)(i), note 4.
- (7) Borrowing costs comprise the following:

	<u>Group</u>			
	4Q2015	4Q2014	FY2015	FY2014
	\$'000	\$'000	\$'000	\$'000
Interest expense on term loans	15,726	13,850	61,796	55,278
Interest expense on revolving loans	249	659	2,473	2,028
Amortisation of capitalised transaction costs	1,184	585	3,044	2,818
	<u>17,159</u>	<u>15,094</u>	<u>67,313</u>	<u>60,124</u>

- (8) The Manager has elected to receive 100% of its management fees earned in respect of all the properties in units of Keppel REIT for the current periods. For the prior periods, the Manager elected to receive 100% of its management fees earned in respect of the approximate 87.5% interest in OPLLP, the 50% interest in 8 Exhibition Street and one-third interest in CBDPL as well as 50% of its management fees earned for the approximate 12.4% interest in OPLLP and the rest of the properties in units of Keppel REIT.
- (9) This relates to the fair value change of an interest rate swap, which had been re-designated to hedge other existing loans subsequent to the repayment of a previously hedged loan. The change in fair value has no DPU impact.
- (10) The net change in fair value of the investment properties is as follows:

	<u>Group</u>			
	4Q2015	4Q2014	FY2015	FY2014
	\$'000	\$'000	\$'000	\$'000
Investment properties held directly by the Group	110,519	35,606	110,519	97,962
Investment properties held directly by associates	69,391	70,809	69,391	102,981
Investment properties held directly by joint ventures	17,175	1,774	38,035	1,774
Effects of recognising rental income on a straight line basis over the lease term	93	11,725	93	9,474
	197,178	119,914	218,038	212,191

- (11) Income tax expense comprises (i) tax of 17% on the rental support top-up payments received by Keppel REIT for its interests in CBDPL and OPLLP, net of deductible interest expense, (ii) withholding tax expense in relation to the income from the Group's investments in Australia and (iii) deferred tax on valuation gains of Australian investment properties. In the prior period, income tax expense comprised (i) tax of 17% on the rental support top-up payments received by Keppel REIT for its interests in BFCDLLP and OPLLP, net of deductible interest expense, (ii) withholding tax expense in relation to the income from the Group's investments in Australia and (iii) deferred tax on valuation gains of Australian investment properties.

- (12) Please refer to paragraph 1(b)(i), note 8.

- (13) Included in the net tax and other adjustments are the following:

	<u>Group</u>			
	4Q2015	4Q2014	FY2015	FY2014
	\$'000	\$'000	\$'000	\$'000
Management fees paid and/or payable in units	12,774	7,728	49,984	30,729
Trustee's fees	316	268	1,229	1,085
Net change in fair value of investment properties (net of non-controlling interest)	(197,125)	(119,886)	(217,986)	(212,117)
Amortisation of intangible asset and capitalised transaction costs	5,496	9,826	21,807	40,182
Temporary differences and other adjustments	14,776	(8,214)	13,739	(25,490)
Other gains distribution	5,000	-	11,000	-
	(158,763)	(110,278)	(120,227)	(165,611)

Included in temporary differences and other adjustments for the current periods were share of results of associates and joint ventures, dividend and distributions income, fair value change of an interest rate swap, effect of recognising rental income on a straight line basis over the lease terms, deferred tax on valuation gains of Australian investment properties, non-taxable income and non-deductible expenses. For the prior periods, it also included the gain on divestment of investment property. Other gains distribution relates to distribution from the gain on divestment from Prudential Tower.

- (14) Keppel REIT has been distributing 100% of its taxable income available for distribution to Unitholders. The distribution to Unitholders is based on 100% of the taxable income available for distribution to Unitholders.

1(a)(ii) **Statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Statement of Comprehensive Income**

	<u>Group</u>					
	4Q2015	4Q2014	+/-)	FY2015	FY2014	+/-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Total return after tax</b>	<b>214,093</b>	<b>156,173</b>	<b>37.1</b>	<b>338,848</b>	<b>371,902</b>	<b>(8.9)</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	13,382	(26,438)	NM	(76,281)	(28,336)	169.2
<u>Cashflow hedges:</u>						
Net change in fair value of cash flow hedges	(2,520)	(1,038)	142.8	27,042	15,566	73.7
Share of net change in fair value of cash flow hedges of associates	(1,836)	371	NM	1,526	1,301	17.3
<b>Other comprehensive income for the period/year</b>	<b>9,026</b>	<b>(27,105)</b>	<b>NM</b>	<b>(47,713)</b>	<b>(11,469)</b>	<b>316.0</b>
<b>Total comprehensive income for the period/year</b>	<b>223,119</b>	<b>129,068</b>	<b>72.9</b>	<b>291,135</b>	<b>360,433</b>	<b>(19.2)</b>
<b>Attributable to:</b>						
Unitholders	221,799	129,022	71.9	289,778	360,285	(19.6)
Perpetual securities holders	1,228	-	100.0	1,228	-	100.0
Non-controlling interest	92	46	100.0	129	148	(12.8)
	<b>223,119</b>	<b>129,068</b>	<b>72.9</b>	<b>291,135</b>	<b>360,433</b>	<b>(19.2)</b>

NM –Not meaningful

**1(b)(i) Balance sheets, together with a comparative statement of the end of the immediately preceding financial year**

**Balance Sheets**

	<u>Group</u>			<u>Trust</u>			
	Note	31/12/2015 \$'000	31/12/2014 \$'000	+ / (-) %	31/12/2015 \$'000	31/12/2014 \$'000	+ / (-) %
<b>Non-current assets</b>							
Investment properties	1	3,691,073	3,613,616	2.1	550,000	527,000	4.4
Investments in subsidiaries		-	-	-	1,837,852	1,837,852	-
Investments in associates	2	2,497,798	2,429,485	2.8	2,025,483	2,031,098	(0.3)
Advances to associates		608,922	613,222	(0.7)	608,922	613,222	(0.7)
Investments in joint ventures	3	408,112	288,931	41.2	-	-	-
Advances to a joint venture	3	-	99,853	(100.0)	-	-	-
Amounts owing by subsidiaries		-	-	-	818,836	876,886	(6.6)
Fixed assets		199	142	40.1	1	-	100.0
Intangible asset	4	37,823	56,607	(33.2)	32,600	46,623	(30.1)
Derivative financial instruments	5	17,542	2,081	>500	9,965	255	>500
<b>Total non-current assets</b>		<b>7,261,469</b>	<b>7,103,937</b>	<b>2.2</b>	<b>5,883,659</b>	<b>5,932,936</b>	<b>(0.8)</b>
<b>Current assets</b>							
Trade and other receivables	6	18,057	25,016	(27.8)	27,502	37,918	(27.5)
Prepaid expenses		1,031	629	63.9	27	23	17.4
Cash and bank balances		144,601	199,689	(27.6)	126,501	172,729	(26.8)
Derivative financial instruments	5	260	133	95.5	260	133	95.5
<b>Total current assets</b>		<b>163,949</b>	<b>225,467</b>	<b>(27.3)</b>	<b>154,290</b>	<b>210,803</b>	<b>(26.8)</b>
<b>Total assets</b>		<b>7,425,418</b>	<b>7,329,404</b>	<b>1.3</b>	<b>6,037,949</b>	<b>6,143,739</b>	<b>(1.7)</b>
<b>Current liabilities</b>							
Trade and other payables	7	51,208	84,469	(39.4)	26,285	64,022	(58.9)
Income received in advance		758	1,043	(27.3)	-	239	(100.0)
Short term borrowings		25,355	274,924	(90.8)	-	274,924	(100.0)
Current portion of security deposits		9,172	3,223	184.6	1,902	508	274.4
Derivative financial instruments	5	168	9,071	(98.1)	168	9,071	(98.1)
Provision for taxation		3,284	7,641	(57.0)	3,315	7,400	(55.2)
<b>Total current liabilities</b>		<b>89,945</b>	<b>380,371</b>	<b>(76.4)</b>	<b>31,670</b>	<b>356,164</b>	<b>(91.1)</b>
<b>Non-current liabilities</b>							
Income received in advance		45,742	61,871	(26.1)	45,483	61,021	(25.5)
Long term borrowings		2,464,217	2,390,439	3.1	2,028,126	1,928,554	5.2
Derivative financial instruments	5	464	6,894	(93.3)	464	4,724	(90.2)
Non-current portion of security deposits		21,435	25,074	(14.5)	2,202	3,237	(32.0)
Deferred tax liabilities		25,767	5,283	387.7	-	-	-
<b>Total non-current liabilities</b>		<b>2,557,625</b>	<b>2,489,561</b>	<b>2.7</b>	<b>2,076,275</b>	<b>1,997,536</b>	<b>3.9</b>
<b>Total liabilities</b>		<b>2,647,570</b>	<b>2,869,932</b>	<b>(7.7)</b>	<b>2,107,945</b>	<b>2,353,700</b>	<b>(10.4)</b>
<b>Net assets</b>		<b>4,777,848</b>	<b>4,459,472</b>	<b>7.1</b>	<b>3,930,004</b>	<b>3,790,039</b>	<b>3.7</b>
Represented by:							
<b>Unitholders' funds</b>		<b>4,626,021</b>	<b>4,457,420</b>	<b>3.8</b>	<b>3,780,285</b>	<b>3,790,039</b>	<b>(0.3)</b>
<b>Perpetual securities</b>	8	<b>149,719</b>	<b>-</b>	<b>100.0</b>	<b>149,719</b>	<b>-</b>	<b>100.0</b>
<b>Non-controlling interest</b>		<b>2,108</b>	<b>2,052</b>	<b>2.7</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>4,777,848</b>	<b>4,459,472</b>	<b>7.1</b>	<b>3,930,004</b>	<b>3,790,039</b>	<b>3.7</b>
Net asset value per unit (\$)		1.44	1.41		1.18	1.20	

**Notes:**

- (1) *The increase in investment properties is mainly due to net change in fair value of investment properties recognised for the year ended 31 December 2015, offset by translation differences arising from the Australian investment properties.*
- (2) *This relates to the one-third equity interests in ORQPL, BFCDLLP and CBDPL, and the Group's share of post-acquisition results of these associates.*
- (3) *This relates to the 50% interests in M8CT and Mirvac 8 Chifley Pty Limited, and 50% interests in MOTT and Mirvac (Old Treasury) Pty Limited. The properties held through M8CT and MOTT are 8 Chifley Square and the office tower and its annexe on the site of the Old Treasury Building respectively. Advances to a joint venture relate to convertible notes held in MOTT. The convertible notes in MOTT have been fully converted to units on 30 November 2015.*
- (4) *This relates to the unamortised aggregate rental support top-up payments receivable by the Group for the approximate 12.4% interest in OPLLP and the one-third interest in CBDPL which holds MBFC Tower 3. In the prior period, the balance relates to the unamortised aggregate rental support top-up payments receivable by the Group for its 100% interest in the office tower at 77 King Street, Sydney, the approximate 99.9% interest in OPLLP and the one-third interest in CBDPL. The intangible asset is amortised over the remaining rental support periods for the respective properties.*
- (5) *This relates to the fair value of the foreign currency forward contracts entered into in relation to the income from the Australian investments and the fair value of interest rate swaps entered into by the Group.*
- (6) *Included in the balances are dividend receivables from joint ventures of \$1.0 million (31 December 2014: \$1.0 million) and receivables for rental support top-up payments of \$4.6 million (31 December 2014: \$11.9 million).*
- (7) *Included in the balances for the comparative period was an accrued advanced distribution of \$37.6 million for the period 1 October to 15 December 2014, which has been paid on 21 January 2015.*
- (8) *On 2 November 2015, Keppel REIT issued \$150.0 million of subordinated perpetual securities at a fixed rate of 4.98% per annum. These perpetual securities are classified as equity instruments and recorded as equity in the Statements of Movement in Unitholders' funds.*



**1(b)(ii) Aggregate Amount of Borrowings and Debt Securities**

	<b>Group</b>	
	<b>As at 31/12/2015</b>	<b>As at 31/12/2014</b>
	\$'000	\$'000
<b>Secured borrowings</b>		
Amount repayable within one year	-	175,000
Amount repayable after one year	816,454	466,454
Less: Unamortised portion of fees	(3,870)	(2,474)
	<b>812,584</b>	<b>638,980</b>
<b>Unsecured borrowings</b>		
Amount repayable within one year	25,500	100,000
Amount repayable after one year	1,656,000	1,930,859
Less: Unamortised portion of fees	(4,512)	(4,476)
	<b>1,676,988</b>	<b>2,026,383</b>
<b>Total borrowings</b>	<b>2,489,572</b>	<b>2,665,363</b>

**Details of Collaterals**

As security for the 5-year term loan facility of \$350.0 million, the Group mortgaged its Bugis Junction Towers.

For the 5-year term loan facility of \$505.0 million, the Group granted the lenders securities of up to an aggregate principal amount of \$900.0 million comprising a mortgage against OFC and the following:

- (i) an assignment of construction contracts and construction guarantees; and
- (ii) an assignment of rental and insurance proceeds derived from OFC.

As at 31 December 2015, the Group had total borrowings of approximately \$2,498.0 million and unutilised facilities of \$568.5 million available to meet its future obligations. The year-to-date all-in interest rate was 2.54% as at 31 December 2015.

1(c) Consolidated Statement of Cash Flows

	Note	Group			
		4Q2015	4Q2014	FY2015	FY2014
		\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>					
Total return before tax		233,882	158,834	366,814	383,532
Adjustments for:					
Interest income		(9,169)	(9,009)	(36,940)	(37,432)
Amortisation expense		4,312	9,241	18,763	37,364
Share of results of associates		(16,862)	(16,115)	(75,695)	(60,745)
Share of results of joint ventures		(5,157)	(4,128)	(17,163)	(9,848)
Borrowing costs		17,159	15,094	67,313	60,124
Management fees paid and/or payable in units		12,774	7,728	49,984	30,729
Net change in fair value of investment properties		(197,178)	(119,914)	(218,038)	(212,191)
Gain on divestment of investment property		-	-	-	(16,179)
Changes in fair value of an interest rate swap		(997)	(1,030)	(3,879)	3,879
Depreciation		12	10	46	42
Rental support income		(4,633)	(12,061)	(20,480)	(50,011)
Translation differences		(217)	1,413	431	1,532
<b>Operating cash flows before changes in working capital</b>		<b>33,926</b>	<b>30,063</b>	<b>131,156</b>	<b>130,796</b>
Increase in receivables		(578)	(5,394)	(3,071)	(7,675)
Decrease in payables		(2,656)	(77,772)	(4,777)	(60,490)
Increase/(Decrease) in security deposits		56	252	2,310	(5,813)
Cash flows from/(used in) operations		30,748	(52,851)	125,618	56,818
Income taxes paid		(1,918)	(2,829)	(11,337)	(14,257)
<b>Net cash flows generated from/(used in) operating activities</b>		<b>28,830</b>	<b>(55,680)</b>	<b>114,281</b>	<b>42,561</b>
<b>Investing activities</b>					
Purchase of investment property		(9,680)	-	(9,680)	-
Subsequent expenditure on investment properties		(1,422)	(662)	(2,424)	(2,118)
Net proceeds from divestment of investment property		-	(5,473)	-	506,527
Purchase of fixed assets		(80)	-	(102)	(162)
Interest received		9,356	8,788	37,915	40,815
Rental support received		4,820	12,648	27,750	58,902
Investments in joint ventures		(260)	-	(5,959)	(63,767)
Advance to a joint venture		-	-	(6,075)	(36,223)
Investment in an associate		-	(478,186)	-	(478,186)
(Advance to an associate)/Repayment of advance from an associate		(2,700)	(7,000)	4,300	(7,000)
Reimbursement of development costs for the interest in an associate		-	-	4,837	-
Distribution income received from joint ventures		3,316	3,686	14,258	6,943
Dividend and distribution income received from associates		35,370	34,517	75,762	66,449
<b>Net cash flows generated from/(used in) investing activities</b>		<b>38,720</b>	<b>(431,682)</b>	<b>140,582</b>	<b>92,180</b>
<b>Financing activities</b>					
Distribution to Unitholders (net of distribution in Units)	1	(51,873)	(52,022)	(203,862)	(214,899)
Proceeds from issuance of Medium Term Notes		-	-	50,000	-
Proceeds from issuance of perpetual securities		150,000	-	150,000	-
Loans drawdown		350,000	119,123	461,774	487,334
Repayment of loans		(533,883)	-	(683,883)	(506,975)
Payment of financing expenses/upfront debt arrangement costs		(1,177)	(103)	(2,784)	(1,279)
Proceeds from placement of Units		-	-	-	228,150
Partnership distribution to non-controlling interest		(18)	(19)	(66)	(69)
Interest paid		(21,734)	(18,658)	(62,041)	(56,462)
Issue expenses		(1,509)	-	(1,509)	(3,162)
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(110,194)</b>	<b>48,321</b>	<b>(292,371)</b>	<b>(67,362)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(42,644)</b>	<b>(439,041)</b>	<b>(37,508)</b>	<b>67,379</b>
Cash and cash equivalents at the beginning of period/year		141,133	577,519	137,818	71,140
Effect of exchange rate changes on cash and cash equivalents		275	(660)	(1,546)	(701)
<b>Cash and cash equivalents at the end of period/year</b>		<b>98,764</b>	<b>137,818</b>	<b>98,764</b>	<b>137,818</b>
<b>Comprising:</b>					
Cash and bank balances		144,601	199,689	144,601	199,689
Less: Rental support received in advance held in designated accounts	2	(45,837)	(61,871)	(45,837)	(61,871)
<b>Cash and cash equivalents per Consolidated Statement of Cash Flows</b>		<b>98,764</b>	<b>137,818</b>	<b>98,764</b>	<b>137,818</b>

Notes:

(1) Distribution for FY2015 is for the period of 1 October 2014 to 15 December 2014, paid on 21 January 2015, 16 December 2014 to 31 December 2014, paid on 27 February 2015, 1 January 2015 to 31 March 2015, paid on 28 May 2015, 1 April 2015 to 30 June 2015, paid on 28 August 2015, and 1 July 2015 to 30 September 2015 paid on 27 November 2015.

Distribution for FY2014 is for the period 1 October 2013 to 31 December 2013, paid on 28 February 2014, 1 January 2014 to 31 March 2014, paid on 28 May 2014, 1 April 2014 to 30 June 2014, paid on 28 August 2014, 1 July 2014 to 28 September 2014, paid on 12 November 2014, and 29 September 2014 to 30 September 2014, paid on 28 November 2014.

(2) This relates to the rental support top-up payments received in advance by Keppel REIT held in designated accounts for the 12.4% interest in OPLLP, the office tower at 77 King Street and the one-third interest in MBFC Tower 3.

1(d)(i) Statements of Movements in Unitholders' Funds

<u>Group</u>	<i>Note</i>	<u>Units in Issue</u>	<u>Accumulated Profits</u>	<u>Foreign</u>	<u>Discount on</u>	<u>Unitholders' Funds</u>	<u>Perpetual Securities</u>	<u>Non-</u>	<u>Total</u>	
				<u>Translation Reserve</u>	<u>Acquisition of Non-Controlling Interest</u>			<u>Controlling Interest</u>		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>At 1 January 2015</b>		<b>3,354,095</b>	<b>1,234,402</b>	<b>(123,164)</b>	<b>(11,135)</b>	<b>3,222</b>	<b>4,457,420</b>	<b>-</b>	<b>2,052</b>	<b>4,459,472</b>
Return for the year		-	337,495	-	-	-	337,495	1,228	125	338,848
Other comprehensive income	1	-	-	(76,281)	28,564	-	(47,717)	-	4	(47,713)
Total comprehensive income		-	337,495	(76,281)	28,564	-	289,778	1,228	129	291,135
Issue of Perpetual Securities		-	-	-	-	-	150,000	-	-	150,000
Issue of units for payment of management fees	2	44,939	-	-	-	-	44,939	-	-	44,939
Issue expense adjustments/ (Issue expenses)	3	142	-	-	-	-	(1,509)	-	-	(1,367)
Distribution Reinvestment Plan		5,221	(5,221)	-	-	-	-	-	-	-
Distribution to Unitholders		(9,565)	(156,693)	-	-	-	(166,258)	-	-	(166,258)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(73)	(73)
<b>At 31 December 2015</b>		<b>3,394,832</b>	<b>1,409,983</b>	<b>(199,445)</b>	<b>17,429</b>	<b>3,222</b>	<b>4,626,021</b>	<b>149,719</b>	<b>2,108</b>	<b>4,777,848</b>

  

<u>Group</u>	<i>Note</i>	<u>Units in Issue</u>	<u>Accumulated Profits</u>	<u>Foreign</u>	<u>Discount on</u>	<u>Unitholders' funds</u>	<u>Perpetual Securities</u>	<u>Non-</u>	<u>Total</u>	
				<u>Translation Reserve</u>	<u>Acquisition of Non-Controlling Interest</u>			<u>Controlling Interest</u>		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>At 1 January 2014</b>		<b>2,924,291</b>	<b>1,092,311</b>	<b>(94,828)</b>	<b>(28,003)</b>	<b>3,222</b>	<b>3,896,993</b>	<b>-</b>	<b>1,978</b>	<b>3,898,971</b>
Return for the year		-	371,753	-	-	-	371,753	-	149	371,902
Other comprehensive income	1	-	-	(28,336)	16,868	-	(11,468)	-	(1)	(11,469)
Total comprehensive income		-	371,753	(28,336)	16,868	-	360,285	-	148	360,433
Issue of units for payment of management fees	4	30,669	-	-	-	-	30,669	-	-	30,669
Issue of placement units	5	228,150	-	-	-	-	228,150	-	-	228,150
Issue of consideration units	6	185,000	-	-	-	-	185,000	-	-	185,000
Issue of units for payment of acquisition fees	7	11,988	-	-	-	-	11,988	-	-	11,988
Issue expenses	8	(3,162)	-	-	-	-	(3,162)	-	-	(3,162)
Distribution to Unitholders	9	(22,841)	(229,662)	-	-	-	(252,503)	-	-	(252,503)
Distribution of partnership profits to non-controlling interest		-	-	-	-	-	-	-	(74)	(74)
<b>At 31 December 2014</b>		<b>3,354,095</b>	<b>1,234,402</b>	<b>(123,164)</b>	<b>(11,135)</b>	<b>3,222</b>	<b>4,457,420</b>	<b>-</b>	<b>2,052</b>	<b>4,459,472</b>

**1(d)(i) Statements of Movements in Unitholders' Funds (cont'd)**

**Notes:**

- (1) *Other comprehensive income relates to the movement in foreign currency translation reserve arising from the translation of foreign entities and intercompany loans that form part of the Group's net investment in foreign entities, fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Group and share of hedging reserves of associates.*
- (2) *This represents 40,679,411 units issued in FY2015 as payment of management fees in units.*
- (3) *The issue expense adjustments are in relation to the placement of 195 million units at an issue price of \$1.17 per unit in the prior year. The net proceeds raised were used for the acquisition of the one-third interest in MBFC Tower 3.*  
  
*The issue expenses are in relation to the issuance of \$150.0 million of subordinated perpetual securities at a fixed rate of 4.98% per annum on 2 November 2015.*
- (4) *This represents 25,675,626 units issued in FY2014 as payment of management fees in units.*
- (5) *This relates to the placement of 195 million units at an issue price of \$1.17 per unit on 29 September 2014. The net proceeds raised were used for the acquisition of the one-third interest in MBFC Tower 3.*
- (6) *This relates to the issuance of 152,213,000 units at an issue price of \$1.2154 per unit on 16 December 2014 as partial consideration for the acquisition of one-third interest in MBFC Tower 3.*
- (7) *This represents 9,863,378 units issued in 4Q2014 as payment of acquisition fees in units, for the acquisition of the one-third interest in MBFC Tower 3.*
- (8) *This relates to issue expenses in relation to the placement as mentioned in note 5 above.*
- (9) *The Distribution to Unitholders includes accrued advanced distribution for the period 1 October to 15 December 2014 paid on 21 January 2015.*

<u>Trust</u>	<u>Note</u>	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Unitholders' Funds</u> \$'000	<u>Perpetual Securities</u> \$'000	<u>Total</u> \$'000
<b>At 1 January 2015</b>		<b>3,354,095</b>	<b>445,473</b>	<b>(9,529)</b>	<b>3,790,039</b>	-	<b>3,790,039</b>
Return for the year		-	92,301	-	92,301	1,228	93,529
Other comprehensive income	1	-	-	19,122	19,122	-	19,122
Total comprehensive income		-	92,301	19,122	111,423	1,228	112,651
Issue of Perpetual Securities		-	-	-	-	150,000	150,000
Issue of units for payment of management fees	2	44,939	-	-	44,939	-	44,939
Issue expense adjustments/ (Issue expenses)	3	142	-	-	142	(1,509)	(1,367)
Distribution Reinvestment Plan		5,221	(5,221)	-	-	-	-
Distribution to Unitholders		(9,565)	(156,693)	-	(166,258)	-	(166,258)
<b>At 31 December 2015</b>		<b>3,394,832</b>	<b>375,860</b>	<b>9,593</b>	<b>3,780,285</b>	<b>149,719</b>	<b>3,930,004</b>

<u>Trust</u>	<u>Note</u>	<u>Units in Issue</u> \$'000	<u>Accumulated Profits</u> \$'000	<u>Hedging Reserve</u> \$'000	<u>Unitholders' Funds</u> \$'000	<u>Perpetual Securities</u> \$'000	<u>Total</u> \$'000
<b>At 1 January 2014</b>		<b>2,924,291</b>	<b>479,884</b>	<b>(26,233)</b>	<b>3,377,942</b>	-	<b>3,377,942</b>
Return for the year		-	195,251	-	195,251	-	195,251
Other comprehensive income	1	-	-	16,704	16,704	-	16,704
Total comprehensive income		-	195,251	16,704	211,955	-	211,955
Issue of units for payment of management fees	4	30,669	-	-	30,669	-	30,669
Issue of placement units	5	228,150	-	-	228,150	-	228,150
Issue of consideration units	6	185,000	-	-	185,000	-	185,000
Issue of units for payment of acquisition fees	7	11,988	-	-	11,988	-	11,988
Issue expenses	8	(3,162)	-	-	(3,162)	-	(3,162)
Distribution to Unitholders	9	(22,841)	(229,662)	-	(252,503)	-	(252,503)
<b>At 31 December 2014</b>		<b>3,354,095</b>	<b>445,473</b>	<b>(9,529)</b>	<b>3,790,039</b>	-	<b>3,790,039</b>

**1(d)(i) Statements of Movements in Unitholders' Funds (cont'd)**

**Notes:**

- (1) This relates to fair value changes of the cash flow hedges as a result of interest rate swaps and foreign currency forward contracts entered into by the Trust.
- (2) This represents 40,679,411 units issued in FY2015 as payment of management fees in units.
- (3) The issue expense adjustments are in relation to the placement of 195 million units at an issue price of \$1.17 per unit in the prior year. The net proceeds raised were used for the acquisition of the one-third interest in MBFC Tower 3.  
  
The issue expenses are in relation to the issuance of \$150.0 million of subordinated perpetual securities at a fixed rate of 4.98% per annum on 2 November 2015.
- (4) This represents 25,675,626 units issued in FY2014 as payment of management fees in units.
- (5) This relates to the placement of 195 million units at an issue price of \$1.17 per unit on 29 September 2014. The net proceeds raised were used for the acquisition of the one-third interest in MBFC Tower 3.
- (6) This relates to the issuance of 152,213,000 units at an issue price of \$1.2154 per unit on 16 December 2014 as partial consideration for the acquisition of one-third interest in MBFC Tower 3.
- (7) This represents 9,863,378 units issued in 4Q2014 as payment of acquisition fees in units, for the acquisition of the one-third interest in MBFC Tower 3.
- (8) This relates to issue expenses in relation to the placement as mentioned in note 5 above.
- (9) The Distribution to Unitholders includes accrued advanced distribution for the period 1 October to 15 December 2014 paid on 21 January 2015.

**1(d)(ii) Details of Changes in the Units**

	<b>Group and Trust</b>	
	<b>2015</b>	<b>2014</b>
	<b>Units</b>	<b>Units</b>
<b>Issued units as at 1 January</b>	<b>3,170,433,879</b>	<b>2,787,681,875</b>
Issue of new units:		
- Payment of management fees	27,619,548	19,293,071
- Distribution Reinvestment Plan	2,431,820	-
- Placement units	-	195,000,000
<b>Issued units as at 30 September</b>	<b>3,200,485,247</b>	<b>3,001,974,946</b>
Issue of new units:		
- Payment of management fees	13,059,863	6,382,555
- Distribution Reinvestment Plan	2,579,356	-
- Consideration units	-	152,213,000
- Payment of acquisition fees in units	-	9,863,378
<b>Issued units as at 31 December</b>	<b>3,216,124,466</b>	<b>3,170,433,879</b>

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period, and as at the end of the immediately preceding year.**

Keppel REIT did not hold any treasury units as at 31 December 2015 and 31 December 2014.

Total number of issued units in Keppel REIT as at 31 December 2015 and 31 December 2014 are as disclosed in paragraph 1(d)(ii).

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2. AUDIT**

The figures have neither been audited nor reviewed by the auditors.

**3. AUDITORS' REPORT**

Not applicable.

**4. ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual period beginning on 1 January 2015.

**5. CHANGES IN ACCOUNTING POLICIES**

Not applicable.

**6. CONSOLIDATED EARNINGS PER UNIT ("EPU") AND DISTRIBUTION PER UNIT ("DPU")**

	<u>Group</u>			
	4Q2015	4Q2014	FY2015	FY2014
<b>EPU</b> (based on weighted average number of units as at the end of the period/year)				
Based on total return before divestment gain and fair value change of investment properties	1.06 cents	1.20 cents	4.40 cents	5.02 cents
Based on total return after divestment gain and fair value change of investment properties	6.63 cents	5.18 cents	10.58 cents	13.00 cents
- Weighted average number of units as at the end of the period/year	3,209,675,749	3,013,072,005	3,191,283,102	2,858,883,273
<b>DPU</b> (based on the number of units as at the end of the period/year)				
- Number of units in issue as at the end of the period/year	3,216,124,466	3,170,433,879	3,216,124,466	3,170,433,879

The diluted EPU is the same as the basic EPU as there are no dilutive instruments in issue during the periods/years.

**7. NET ASSET VALUE ("NAV")**

	<u>Group</u>		<u>Trust</u>	
	As at 31/12/15	As at 31/12/14	As at 31/12/15	As at 31/12/14
NAV <sup>1</sup> per unit (\$) based on issued units at the end of the year	1.44	1.41	1.18	1.20
Adjusted NAV per unit (\$) based on issued units at the end of the year (excluding the distributable income)	1.42	1.40	1.16	1.19

**Note:**

(1) This excludes non-controlling interest's and perpetual securities holders' share of net asset value.

## 8. REVIEW OF PERFORMANCE

### 8(i) Property Income Contribution of the Properties

<u>Property</u>	<u>Group</u>					
	4Q2015	4Q2014	+/(-)	FY2015	FY2014	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Prudential Tower <sup>1</sup>	-	-	-	-	15,528	(100.0)
Bugis Junction Towers	5,735	5,298	8.2	22,599	20,859	8.3
Ocean Financial Centre	26,069	24,945	4.5	101,858	97,695	4.3
275 George Street	4,634	5,072	(8.6)	18,946	20,630	(8.2)
77 King Street	2,287	2,658	(14.0)	10,508	11,617	(9.5)
8 Exhibition Street <sup>2</sup>	4,070	4,364	(6.7)	16,436	17,764	(7.5)
<b>Total property income</b>	<b>42,795</b>	<b>42,337</b>	<b>1.1</b>	<b>170,347</b>	<b>184,093</b>	<b>(7.5)</b>

### 8(ii) Income Contribution of the Properties

<u>Property</u>	<u>Group</u>					
	4Q2015	4Q2014	+/(-)	FY2015	FY2014	+/(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Prudential Tower <sup>1</sup>	-	-	-	-	13,250	(100.0)
Bugis Junction Towers	4,633	4,177	10.9	18,872	16,447	14.7
Ocean Financial Centre	21,857	20,624	6.0	83,044	82,652	0.5
275 George Street	3,674	4,200	(12.5)	15,294	16,858	(9.3)
77 King Street	1,832	1,991	(8.0)	8,462	9,097	(7.0)
8 Exhibition Street	2,775	3,261	(14.9)	11,793	13,132	(10.2)
<b>Total net property income</b>	<b>34,771</b>	<b>34,253</b>	<b>1.5</b>	<b>137,465</b>	<b>151,436</b>	<b>(9.2)</b>
One-third interest in ORQPL <sup>3</sup> :						
- Interest income	550	425	29.4	2,019	1,640	23.1
- Dividend income	5,560	7,516	(26.0)	24,120	28,384	(15.0)
<b>Total income</b>	<b>6,110</b>	<b>7,941</b>	<b>(23.1)</b>	<b>26,139</b>	<b>30,024</b>	<b>(12.9)</b>
One-third interests in BFCDLLP <sup>4</sup> and CBDPL <sup>4</sup> :						
- Rental support	3,700	-	100.0	14,800	1,437	>500
- Interest income	6,580	5,018	31.1	24,095	19,809	21.6
- Dividend income	11,298	10,562	7.0	51,642	38,065	35.7
<b>Total income</b>	<b>21,578</b>	<b>15,580</b>	<b>38.5</b>	<b>90,537</b>	<b>59,311</b>	<b>52.6</b>
50% interest in M8CT <sup>5</sup> :						
- Interest income	-	-	-	-	5,157	(100.0)
- Distribution income	2,959	3,272	(9.6)	12,135	6,230	94.8
<b>Total income</b>	<b>2,959</b>	<b>3,272</b>	<b>(9.6)</b>	<b>12,135</b>	<b>11,387</b>	<b>6.6</b>
50% interest in MOTT <sup>6</sup> :						
- Interest income	1,565	2,513	(37.7)	8,711	8,762	(0.6)
- Distribution income	1,425	540	163.9	3,131	1,799	74.0
<b>Total income</b>	<b>2,990</b>	<b>3,053</b>	<b>(2.1)</b>	<b>11,842</b>	<b>10,561</b>	<b>12.1</b>

#### Notes:

- (1) Prudential Tower was divested on 26 September 2014.
- (2) Comprises 50% interest in the office building and two retail units. On 12 October 2015, Keppel REIT acquired a 100% interest in another three retail units.
- (3) Comprises one-third interest in ORQPL which holds One Raffles Quay.
- (4) Comprise one-third interests in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Tower 1, 2 and 3 and Marina Bay Link Mall.
- (5) Comprises 50% interest in M8CT which holds 8 Chifley Square.
- (6) Comprises 50% interest in MOTT which holds OTB. OTB received its Certificate of Practical Completion on 31 August 2015. The convertible notes in MOTT were converted to units on 30 November 2015.

## 8. REVIEW OF PERFORMANCE (CONT'D)

### Review of Performance for FY2015 vs FY2014

The Group achieved a 5.4% increase in its distributable income, from \$206.1 million for FY2014 to \$217.3 million for FY2015.

The higher distributable income was mainly attributable to higher property income and higher net property income from OFC and Bugis Junction Towers, higher share of results of associates due to the full-year income contribution from the one-third interest in MBFC Tower 3, higher share of results of joint ventures with higher contributions from 8 Chifley Square in Sydney as well as the Old Treasury Building ("OTB") office tower in Perth and lower trust expenses.

Despite the absence of income from the divested Prudential Tower and lower rental support, the Group recorded a \$11.1 million increase in distributable income.

Property income and net property income for FY2015 were \$170.3 million and \$137.5 million respectively, compared to the property income and net property income of \$184.1 million and \$151.4 million respectively for FY2014. The variances were mainly attributable to the divestment of Prudential Tower on 26 September 2014. These were partially offset by higher property income and higher net property income from OFC and Bugis Junction Towers.

The Group's total return before tax for FY2015 was \$366.8 million, compared to \$383.5 million for FY2014. This variance was mainly attributable to the divestment of Prudential Tower, lower rental support, lower interest income, higher borrowing costs and higher management fees which were offset by higher property income and net property income from OFC and Bugis Junction Towers, higher share of results of associates and joint ventures, lower amortisation expenses, lower trust expenses, changes in fair value of an interest rate swap as well as higher fair value gain on investment properties for FY2015.

### Review of Performance for 4Q2015 vs 4Q2014

Distributable income for 4Q2015 increased 17.8% over 4Q2014, to \$54.0 million.

The higher distributable income was mainly attributable to higher property income and higher net property income from OFC and Bugis Junction Towers, lower trust expenses, higher share of results of associates due to the full-quarter income contribution from the one-third interest in MBFC Tower 3, and higher share of results of joint ventures mainly due to the contribution from the OTB office tower in Perth. Keppel REIT commenced sharing OTB's results subsequent to the conversion of convertible notes in MOTT which holds OTB on 30 November 2015.

Property income and net property income were \$42.8 million and \$34.8 million respectively for 4Q2015, an increase of 1.1% and 1.5% respectively over that of 4Q2014. These were mainly attributable to higher property income and net property income from OFC and Bugis Junction Towers.

The Group's total return before tax for 4Q2015 increased 47.2% to \$233.9 million, from \$158.8 million for 4Q2014. This was mainly attributable to higher property income and net property income from OFC and Bugis Junction Towers, higher interest income, higher share of results of associates and joint ventures, lower amortisation expenses, lower trust expenses as well as higher fair value gain on investment properties for 4Q2015 which were offset by lower rental support, higher borrowing costs, higher management fees and the changes in fair value of an interest rate swap.

## 9. VARIANCE FROM FORECAST STATEMENT

Not applicable.



## 10. PROSPECTS

In Singapore, advance estimates by the Ministry of Trade and Industry (MTI) indicate that the economy recorded a 2% year-on-year ("y-o-y") growth for 4Q2015. Growth was driven mainly by expansions in construction and services. MTI is projecting a modest growth of close to 2.1% for the whole of 2015, and between 1-3% for 2016 due to tepid global growth prospects.

The slowing economy continued to weigh on office demand in the second half of 2015. Singapore's core CBD recorded average occupancy of 94.8% in 4Q2015, with average Grade A rents at \$10.40 psf per month<sup>1</sup>.

Demand in 4Q2015 was driven by growth in the telecommunications, multimedia and technology ("TMT"), financial and insurance as well as the pharmaceutical sectors. CBRE opined that the TMT sector continued to expand at an impressive rate and is expected to contribute meaningfully to the take-up in office space. Concurrently, demand from Asian financial institutions, as well as insurance and pharmaceutical companies is expected to be sustained in the core CBD market.

In Australia, the economy grew 2.5% y-o-y in 3Q2015, exceeding economists' median forecast of 2.4%. Growth in 4Q2015 is expected to remain steady at 2.5% and between 2-3% for 2016. Improving economic conditions over the past few months had also prompted the Reserve Bank of Australia to leave the official cash rate unchanged at 2% to drive sustainable growth.

According to Jones Lang LaSalle, Sydney and Melbourne remained at the forefront of the leasing market recovery with positive net absorption recorded in both markets in 3Q2015. Demand for office space continued to be driven by firms in the finance and insurance industry as well as the TMT sector, offsetting weaker demand from the mining and commodity sectors.

The Manager expects a challenging operating environment going forward. In Singapore, new office space is expected to come on-stream over these two years. To deal with this impending supply spike, the Manager has been proactively engaging existing and potential tenants on lease renewals and commencements. Such efforts have resulted in a total of 114 leases (existing and new) concluded for 2015 equivalent to approximately 1.6 million sf (attributable space of approximately 800,000 sf) of prime office space. This is approximately 23% of Keppel REIT's net lettable area under management. Keppel REIT achieved a high tenant retention rate of 90% and a 13% positive rent reversion for the Singapore portfolio in 2015.

With these initiatives and weighted average lease expiry of approximately six years, Keppel REIT is likely to maintain a high occupancy rate.

<sup>1</sup> Preliminary numbers by CBRE, 4Q 2015

## 11. RISK FACTORS AND RISK MANAGEMENT

The Manager ascribes importance to risk management and constantly takes initiatives to systematically review the risks it faces and mitigates them. Some of the key risks that the Manager has identified are as follows:

### **Interest rate risk**

The Manager constantly monitors its exposure to changes in interest rates for its interest-bearing financial liabilities. Interest rate risk is managed on an on-going basis with the primary objective of limiting the extent to which net interest expense can be affected by adverse movements in interest rates through financial instruments or other suitable financial products.

### **Liquidity risk**

The Manager monitors and maintains Keppel REIT's cash flow position and working capital to ensure that there are adequate liquid reserves in terms of cash and credit facilities to meet short-term obligations. Steps have been taken to plan for funding and expense requirements so as to manage the cash position at any point of time.

### **Credit risk**

Credit risk assessments of tenants are carried out by way of evaluation of information from corporate searches conducted prior to the signing of lease agreements. Tenants are required to pay a security deposit as a multiple of monthly rents and maintain sufficient deposits in their accounts. In addition, the Manager also monitors the property portfolio's tenant trade sector mix to assess and manage exposure to any one potentially volatile trade sector.

### **Currency risk**

The Group's foreign currency risk relates mainly to its exposure from its investments in Australia, and the regular distributable income and interest income from these investments. The Manager monitors the Group's foreign currency exposure on an on-going basis and will manage its exposure to adverse movements in foreign currency exchange rates through financial instruments or other suitable financial products.

### **Operational risk**

Measures have been put in place for sustainability of net property income. Some of these measures include steps taken to negotiate for favourable terms/covenants, manage expenses, and actively monitor rental payments from tenants, continuously evaluate the Group's counter-parties and maximise property value. In addition, the Manager also continuously reviews disaster and pandemic business continuity plans and modifies them, when necessary.

12. DISTRIBUTIONS

(a) Current Financial Period Reported on

Name of Distribution	1 October 2015 to 31 December 2015
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Other gains distribution (d) Capital distribution
Distribution rate	(a) Taxable income distribution - 1.15 cents per unit (b) Tax-exempt income distribution - 0.27 cents per unit (c) Other gains distribution - 0.16 cents per unit (d) Capital distribution - 0.10 cents per unit
Tax rate	<p><u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.</p> <p>Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.</p> <p>Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.</p> <p>Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.</p> <p>All other investors will receive their distributions after deduction of tax at the rate of 17%.</p> <p><u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.</p> <p><u>Other gains distribution</u> Other gains distribution is not taxable in the hands of all Unitholders.</p> <p><u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel REIT units for Singapore income tax purposes.</p>

**12. DISTRIBUTIONS (CONT'D)**

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Name of Distribution	(i) Distribution for 1 October 2014 to 15 December 2014 (ii) Distribution for 16 December 2014 to 31 December 2014
Distribution Type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution Rate	(i) Distribution for 1 October 2014 to 15 December 2014 (a) Taxable income distribution - 0.77 cents per unit (b) Tax-exempt income distribution - 0.38 cents per unit (c) Capital distribution - 0.10 cents per unit  (ii) Distribution for 16 December 2014 to 31 December 2014 (a) Taxable income distribution - 0.15 cents per unit (b) Tax-exempt income distribution - 0.11 cents per unit
Tax Rate	<u>Taxable income distribution</u> Individuals who receive such distribution as investment income will be exempted from tax.  Qualifying Unitholders will receive pre-tax distributions and pay tax on the distributions at their own marginal rates subsequently.  Investors using CPF funds and SRS funds will also receive pre-tax distributions. These distributions are tax-exempt.  Subject to meeting certain conditions, foreign non-individual unitholders will receive their distributions after deduction of tax at the rate of 10%.  All other investors will receive their distributions after deduction of tax at the rate of 17%.  <u>Tax-exempt income distribution</u> Tax-exempt income distribution is exempt from tax in the hands of all Unitholders. Tax-exempt income relates to net taxed income and one-tier dividend income received by Keppel REIT.  <u>Capital distribution</u> Capital distribution represents a return of capital to Unitholders for Singapore income tax purposes and is therefore not subject to income tax. For Unitholders who are liable to Singapore income tax on profits from sale of Keppel REIT units, the amount of capital distribution will be applied to reduce the cost base of their Keppel REIT units for Singapore income tax purposes.

**(c) Books Closure Date**

26 January 2016

**(d) Date Payable**

26 February 2016

**13. DISTRIBUTION STATEMENT**

Other than as disclosed in paragraph 12(a), no distribution has been declared/recommended.

#### 14. SEGMENTAL INFORMATION

	<u>Group</u>		+ / (-) %
	FY2015 \$'000	FY2014 \$'000	
<b>Property</b>			
Prudential Tower <sup>1</sup>	-	13,250	(100.0)
Bugis Junction Towers	18,872	16,447	14.7
Ocean Financial Centre	83,044	82,652	0.5
275 George Street	15,294	16,858	(9.3)
77 King Street	8,462	9,097	(7.0)
8 Exhibition Street <sup>2</sup>	11,793	13,132	(10.2)
<b>Total net property income</b>	<b>137,465</b>	<b>151,436</b>	<b>(9.2)</b>
Ocean Financial Centre			
- Rental support	5,577	46,885	(88.1)
One-third interest in ORQPL <sup>3</sup> :			
- Interest income	2,019	1,640	23.1
- Dividend income	24,120	28,384	(15.0)
<b>Total income</b>	<b>26,139</b>	<b>30,024</b>	<b>(12.9)</b>
One-third interests in BFCDLLP <sup>4</sup> and CBDPL <sup>4</sup> :			
- Rental support	14,800	1,437	>500
- Interest income	24,095	19,809	21.6
- Dividend income	51,642	38,065	35.7
<b>Total income</b>	<b>90,537</b>	<b>59,311</b>	<b>52.6</b>
50% interest in M8CT <sup>5</sup>			
- Interest income	-	5,157	(100.0)
- Distribution income	12,135	6,230	94.8
<b>Total income</b>	<b>12,135</b>	<b>11,387</b>	<b>6.6</b>
50% interest in MOTT <sup>6</sup>			
- Interest income	8,711	8,762	(0.6)
- Distribution income	3,131	1,799	74.0
<b>Total income</b>	<b>11,842</b>	<b>10,561</b>	<b>12.1</b>
<b>Total income contribution</b>	<b>283,695</b>	<b>309,604</b>	<b>(8.4)</b>

**Notes:**

- (1) Prudential Tower was divested on 26 September 2014.
- (2) Comprises 50% interest in the office building and two retail units. On 12 October 2015, Keppel REIT acquired a 100% interest in another three retail units.
- (3) Comprises one-third interest in ORQPL which holds One Raffles Quay.
- (4) Comprise one-third interests in BFCDLLP and CBDPL which hold Marina Bay Financial Centre Tower 1, 2 and 3 and Marina Bay Link Mall.
- (5) Comprises 50% interest in M8CT which holds 8 Chifley Square.
- (6) Comprises 50% interest in MOTT which holds OTB. OTB received its Certificate of Practical Completion on 31 August 2015. The convertible notes in MOTT were converted to units on 30 November 2015.

#### 15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8 on the review of performance.

## 16. BREAKDOWN OF SALES

	<u>Group</u>		+/(-) %
	FY2015 \$'000	FY2014 \$'000	
(a) Property income reported for first half year	85,369	94,128	(9.3)
(b) Total return after tax for first half year	73,750	77,464	(4.8)
(c) Property income reported for second half year	84,978	89,965	(5.5)
(d) Total return after tax for second half year <sup>1</sup>	265,098	294,438	(10.0)

**Note:**

(1) The total return after tax for second half year FY2015 and FY2014 includes net change in fair value of investment properties amounting to approximately \$218.0 million and \$212.2 million respectively. For second half year of FY2014, it also included the gain on divestment of Prudential Tower. The net change in fair value of investment properties and the gain on divestment are non-taxable items and have no impact on the distributable income to Unitholders.

## 17. INTERESTED PERSON TRANSACTIONS (“IPTs”)

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions of less than \$100,000)	
	FY2015 \$'000	FY2014 \$'000
<u>Temasek Holdings (Private) Limited and its subsidiaries</u>		
- Rental income <sup>1</sup>	-	379
<u>Keppel Corporation Limited and its subsidiaries or associates</u>		
- Manager’s management fees	49,984	45,492
- Acquisition fee	89	11,988
- Divestment fee	-	2,560
- Property management fees and reimbursable	5,709	5,991
- Leasing commissions	1,453	575
- Rental and service charge income <sup>1</sup>	128	646
- Rental support	16,122	44,038
- Electricity expenses <sup>1</sup>	12,400	-
- Acquisition of one-third interest in CBDPL	-	710,544
- Reimbursement of development costs for one-third interest in an associate	4,837	-
<u>RBC Investor Services Trust Singapore Limited</u>		
- Trustee’s fees	1,229	1,085

No IPT mandate has been obtained by Keppel REIT for the financial year under review.

**Note:**

(1) The aggregate value of interested person transactions refers to the total contract sum entered into during the financial year.

**18. BREAKDOWN OF TOTAL ANNUAL DISTRIBUTION**

	<b>FY2015</b>	<b>FY2014</b>
	\$'000	\$'000
1 January 2014 to 31 March 2014 (paid)	-	55,047
1 April 2014 to 30 June 2014 (paid)	-	53,220
1 July 2014 to 28 September 2014 (paid)	-	50,526
29 September 2014 to 30 September 2014 (paid)	-	1,501
1 October 2014 to 31 December 2014 (paid)	-	45,848
1 January 2015 to 31 March 2015 (paid)	54,009	-
1 April 2015 to 30 June 2015 (paid)	54,820	-
1 July 2015 to 30 September 2015 (paid)	54,408	-
1 October 2015 to 31 December 2015 (to be paid) <sup>1</sup>	54,031	-
	<u>217,268</u>	<u>206,142</u>

**Note:**

(1) Please refer to paragraph 12(a) on page 19.

**19. DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or chief executive officer or substantial shareholder of the Company.

**20. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL OF ITS DIRECTORS AND EXECUTIVE OFFICERS (IN THE FORMAT SET OUT IN APPENDIX 7.7) UNDER RULE 720(1)**

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

**By Order of the Board**  
**Keppel REIT Management Limited**  
**(Company Registration Number: 200411357K)**  
**As Manager of Keppel REIT**

LAW ZHI-EN DANIEL / TAN WEIQIANG MARC  
 Joint Company Secretaries  
 18 January 2016